

The International Situation and our Problems

A THESIS by L. TROTSKY and E. VARGA.

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The Root of the Problem.

1. The revolutionary movement at the close of the imperialist war and during the succeeding period has been marked by unprecedented intensity. The month of March 1917 witnessed the overthrow of Tsarism. In May 1917 a vehement strike movement broke out in England. In November 1917 the Russian proletariat seized the power of Government. The month of November 1918 marked the downfall of the German and Austro-Hungarian monarchies. In the course of the succeeding year, a number of European countries were being swept by a powerful strike movement constantly gaining in scope and intensity. In March 1919 a Soviet Republic was inaugurated in Hungary. At the close of that year the United States were convulsed by turbulent strikes involving the metal-workers, miners and railwaymen. Following the January and March battles of 1919 the revolutionary movement in Germany reached its culminating point shortly after the Kapp uprising in March 1920. The international situation in France became most tense in the month of May 1920. In Italy we witnessed the constant growth of unrest among the industrial and agrarian proletariat leading in September 1920 to the seizure of factories, mines and estates by the workers. In December 1920, the Czech proletariat resorted to the weapon of the proletarian mass strike. March 1921 marked the uprising of workers in Central Germany and the coal miners' strike in England.

Having reached its highest point in those countries which had been involved in the war, particularly in the defeated countries, the revolutionary movement spread to the neutral countries as well. In Asia and in Africa, the movement aroused and intensified the revolutionary spirit of the great masses of the colonial countries. But this powerful revolutionary wave did not succeed in sweeping away international capitalism, nor even the capitalist order of Europe itself.

A number of uprisings and revolutionary battles have taken place during the year that elapsed between the Second and Third Congress of the Communist International, which resulted in sectional defeats (the Red Army offensive near Warsaw in August 1920, the movement of the Italian proletariat in September 1920, and the uprising of the German workers in March 1921.)

Following the close of the war which has been characterized by the elemental nature of its onslaught, by the considerable formlessness of its methods and aims, and the extreme panic of the ruling classes the first period of the revolutionary movement, may now be regarded as having reached its termination. The self-confidence of the bourgeoisie as a class, and the apparent stability of its government apparatus, has undoubtedly become strengthened. The panic of Communism haunting the bourgeoisie, not having disappeared, has nevertheless somewhat relaxed. The leading spirits of the bourgeoisie are now even boasting of the might of their government apparatus, and have assumed the offensive against the laboring masses everywhere, on both the economic and the political fields.

This situation presents the following questions to the Communist International and to the entire working class:

To what extent does this transformation in the relations between the bourgeoisie and the proletariat correspond to the actual balance of the contending forces? Is it true that the bourgeoisie is about to restore the social balance which had been upset by the war? Is there any ground to suppose that the period of political upheaval and of class-wars is going to be superseded by a new epoch of restoration and capitalist development? Does not this necessitate revision of programme or tactics of the Communist International?

The War, Artificial Business Stimulation. The Crisis and the Countries of Europe.

The high tide of capitalism was reached in the two decades preceding the war. The intervals of prosperity were superceded by periods of depression of comparatively shorter duration and intensity. The general trend was that of an upward curve; the capitalist countries were growing rich.

Having scoured the world market through their trusts, cartels, and consortiums, the masters of world-capitalism well realized that this mad growth of capitalism will finally strike a dead wall confining the limits of the capacity of the market created by themselves. They therefore tried to get out of the difficulty by a surgical method. In place of a lengthy period of economic depression which was to follow and result in wholesale destruction of productive resources, the bloody crisis of the world war was ushered in to serve the same purpose.

But the war proved not only extremely destructive in its methods, but also of an unexpectedly lengthy duration. So that besides the economic destruction of the "surplus" productive resources, it also weakened, shattered, and undermined the fundamental apparatus of European production. At the same time it gave a powerful impetus to the capitalist development of the United States and quickened the aggrandisement of Japan. Thus the centre of gravity of world industry was shifted from Europe to America.

The period following upon the termination of the four years' slaughter, the demobilization of the armies, the transition to a peaceful state of affairs, and the inevitable economic crisis coming as a result of the exhaustion and chaos caused by the war,—all this was regarded by the bourgeoisie with the greatest anxiety as the approach of the most critical moment. As a matter of fact during the two years following the war, the countries involved became the arena of a mighty movement of the proletariat.

One of the chief causes which enabled the bourgeoisie to preserve its dominant position was furnished by the fact that the first months after the war, instead of bringing about the seemingly unavoidable crisis, were marked by economic prosperity. This lasted approximately for one year and a half. Nearly all the demobilized workers were absorbed in industry. As a general rule wages did not catch up with the cost of living, but they nevertheless kept rising, and that created the illusion of economic gains.

It was just this commercial and industrial revival of 1919 and 1920, which to some extent, relieved the tension of the post-war period, that caused the bourgeoisie to assume an extremely self-confident air, and to proclaim the advent of a new era of organic capitalist development. But as a matter of fact, the industrial revival of 1919—20, was not in essence the beginning

of the regeneration of capitalist industry, but a mere prolongation of the artificially stimulated state of industry and commerce, and which undermined the economy of capitalism.

The outbreak of the imperialist war coincided with the industrial crisis which had its origin in America (1913) and began to hover menacingly over Europe. The normal development of the industrial cycle was checked by the war which had itself become the most powerful economic factor. It created an unlimited market for the basic branches of industry and secured them against competition. The war played the part of a solid customer, ever in want of goods. The manufacture of productive commodities was supplanted by the fabrication of means of destruction. Millions of people not engaged in production, but in work of destruction, were continuously using up necessities of life at ever-increasing prices. This process is the cause of the present economic decline. By their contradictions of capitalist society the masters lent the cloak of prosperity to this ruinous prospect. The State kept issuing loan after loan, one issue of paper money follows upon another, till state accounting began to be carried on in billions instead of millions. The wear and tear of machinery and of equipment was not repaired. The cultivation of land was in a bad state. Public constructions in the cities and on the high-roads were discontinued. At the same time the number of government bonds, credit and treasury bills and notes, kept growing incessantly. Fictitious capital increased in proportion as productive capital kept diminishing. The credit system instead of serving as a medium for the circulation of goods, became the means whereby national property, including that which is to be created by the growing generations, was being mobilized for military purposes.

The capitalist state, dreading the impending crisis, continued after the war to follow the same policy as it did during the war, namely: new issues of paper money, new loans, regulation of prices of prime necessities, guaranteeing of profits, government subsidies, and other additions of salaries and wages plus military censorship and military dictatorship.

At the same time the termination of hostilities, and the renewal of international relations, limited though it was, brought out a demand for various commodities from all parts of the globe. Large stocks of products were left without use during the war, and the enormous sums of money centred in the hands of dealers and speculators, were mobilized by them to where they could produce the largest profits. Hence, the feverish boom accompanied by an unusual rise of prices and fantastic dividends, while in reality none of the basic branches of industry, anywhere in Europe, approached the prewar level.

By means of a continuous derangement of the economic system, accumulation of inflated capital, depreciation of currency (speculation instead of economic restoration) the bourgeois governments in league with the banking cartels and industrial trusts, succeeded in putting off the beginning of the economic crisis till the moment when the political crisis consequent upon the demobilization and the first squaring of accounts, was somewhat allayed.

Thus, having gained a considerable breathing space, the bourgeoisie imagined that the dreaded crisis has been removed for an indefinite time. Optimism reigns supreme. It appeared as if the needs of reconstruction have opened a new era of lasting expansion of industry, commerce, and particularly speculation. But the year 1920 proved to have been a period of shattered hopes.

The World Crisis.

The crises—financial, commercial, and industrial, began in March 1920. Japan saw the beginning of it in the month of April. In the United States, it opened by a slight fall of prices in January. Then it passed in to England, France and Italy (in April). It reached the neutral countries of Europe, then Germany, and extended to all the countries involved in the capitalist sphere of influence during the second half of 1920.

Thus, the crisis of 1920 is not a periodic stage of "normal" industrial cycle, but a profound reaction consequent upon the artificial stimulation that prevailed during the war and during the two years thereafter and was based upon ruination and exhaustion.

The upward curve of industrial development was marked by turns of good times followed by crises. During the last seven years, however, there was no rise in the productive forces of Europe but, on the contrary, they kept at a downward sweep.

The crumbling of the very foundation of industry is only beginning and is going to proceed along the whole line.

European economy is going to contract and expand during a number of years to come. The curve marking the productive forces is going to decline from the present fictitious level. The expansions are going to be only short-lived and of a speculative nature to a considerable extent, while the crises are going to be hard and lasting. The present European crisis is one of underproduction. It is the form in which destitution reacts against the striving to produce trade, and resume life on the usual capitalist level.

Of all countries of Europe England is economically the strongest and has been the least damaged by the war but, even with regards to this country, one cannot say that it has, in any way, gained its capitalist equilibrium after the war. Owing to its international organization and to the fact that it came out victorious from the war, England did indeed, achieve some commercial and financial success. It improved its commercial balance, it raised the rate of the pound and reached an accounting surplus in its budget. But, in the industrial sphere, England, after the war, not only did not progress, it made big strides backward. The productivity of labor in England today and her national income are much below that of the pre-war period. The coal industry, which is the fundamental branch of her national economy, is getting ever worse and worse, pulling down all the other branches of industry. The incessant disturbances caused by the strikes are not the cause but the consequence of the derangement of English economy.

The ruin of Belgium, Italy and France brought about by the war is no less than that inflicted on Germany. The post bellum "reconstruction" of France is being parasitically carried on by

THE PEACE ON THE RHINE.

By Anise (in Germany)
(Federated Press Staff Writer)

In the city of Cologne Under the great cathedral Stood a reviewing stand Filled with high officers Proudly arrayed With many decorations. Before them, down the street Came, With a flourish of bugles, Imperial TROOPS advancing With waving banners, Passing and saluting Before their WAR LORDS! For this was the birthday Of the King of England And these Are the troops of the King Keeping guard on the Rhine And celebrating their ruler While the silent CONQUERED people, The Germans, Who built the town And cathedral Gaze, solemn and dumb, At the proud parade Of the VICTORS!

But even now While the sound Of the English bugles Echoes across the square, The high cathedral clock Strikes ten, And down the by-streets Come ANOTHER procession— Out of their hungry hovels— THE CHILDREN Of the city, With faces thin and bloodless From the five lean years Of FAMINE! With bowl and spoon in hand They pass To the great stone buildings Where the Quaker-feeding waits For the hungriest children. Into their bowls Is ladled the daily ration, A soup of rice and milk; And into their hands Is pressed The white flour "brodchen." Thus, over this whole land A MILLION children Pass, at the hour of ten, In slow procession Into the many high halls Where "Quaker-food" is given, Sent from over the sea And over the channel By FRIENDS In "enemy lands." Who WILL NOT WAR On children!

These Are the two processions! The one is proclaimed By the bugles! The other is only announced By the clang of spoons On the soup bowls! But WHICH of the two Is building the PEACE Of the Rhineland?

"He sprang to the colors." Yep, and now he's springing around from one closed shop to another looking for a non-existent job. The "colors" seem to have faded.

means of the progressive ruination of Germany, robbing the latter of her coal, machinery, cattle and gold. The French bourgeoisie is striking heavy blows at the entire capitalist order. France is getting much less than what Germany is losing. The so-called reconstruction of France is nothing more than piracy accompanied by diplomatic black-mail. The economic decline of that country is imminent. When the last period of expansion came to its end (in March 1920) the depreciation of French paper money reached 60 per cent while that of Italy came down to 75 per cent of its face value.

A striking illustration of the illusory nature of this kind of business expansion is presented by Germany, where a seven-fold increase in prices coincided with a sharp decline of production. Germany won her apparent success in international trade relations at the cost of both the deterioration of the nation's basic capital (the destruction of industry, transportation and credit systems) and the progressive lowering of the standard of living of her working class. From the social economic standpoint the profits gained by German exporters represent pure loss. For, this export in reality amounts to selling out the country's resources at a low price, while the capitalist masters of Germany are securing for themselves a constantly increasing share of the ever decreasing national wealth, the workers of the country are becoming the coolies of Europe.

As to the smaller neutral countries, they preserve their deceptive political independence thanks to the antagonistic contentions of the great powers and maintain their economic existence on the fumes of the world market, whose essential nature used to be determined in the anti bellum period by England, Germany, America and France.

During the war the bourgeoisie of these countries was making enormous profits, but the devastation of those countries which had been involved in the war led to the economic disorganization of these neutral countries as well. Their debts have increased, their currency exchange has dropped. The crisis seizes them no blows.

(Continued next week.)

INDUSTRIAL CONDITIONS AT WILMINGTON, DEL.

By RACSO YARG.

Here are a few industrial notes gleaned from the field here at Wilmington.

The employees of the Wilmington and Phila. Traction Company have "voluntarily" voted themselves a 5 cent reduction of wages with the understanding that when business picks up the wage will be restored. Oh yes, they'll get it all right—when elephants roost in trees.

The Todds Cut Shops of the Penn. Ry. have opened again with 600 men back. The Employees have held a meeting of protest against the introduction of the piece work system. It was charged that the R. R. officials used coercion by refusing to give the men their jobs unless they signed up for piecework. It was also charged that the Company was using armed spies in the shops. The Company explained (?) that the spies were regular road detectives concentrated at the shops. Of course it was perfectly accidental that so many ARMED ROAD THUGS were at the shops on the opening day. Yes, it was just as accidental as the presence of Baldwin-Felts thugs at the West Va. coal mines.

Between 1,500 and 1,800 employees of the Chester plant of the Merchant's Shipbuilding Corp. struck recently against what the Company claimed was a 10 to 20 per cent wage cut. As a matter of fact the cut was one of 20 to 75 per cent. One striker stated to me that on some work where \$12.00 per hundred rivets was formerly paid, the pay was cut to \$3.00 per hundred. This looks like a 75 per cent cut to the workers in spite of the Company's figures.

Workers of America, how much longer are you going to stand for such conditions which the bosses, backed by their government seek to impose upon you? Remember, UNITED we stand, DIVIDED we fall.

WILL FIGHT FOR REDRESS.

Tulsa, Okla.—The city of Tulsa will take advantage of the absence of a riot statute in Oklahoma to deny to its negro citizens claims for more than \$4,000,000, the declared equivalent of the property destroyed by fire during the race riots or seized by looters.

Frank E. Duncan, city attorney, W. D. Humphrey, former corporation commissioner, and H. L. Browning, corporation counsel for East St. Louis, which recently met riot claims, have joined in the framing of an opinion to the reconstruction committee in which the city is declared under no obligation to pay the negroes losses they sustained.

However, the negroes' attorneys intend to fight out the case in court. Riot claims may be won if the negroes can prove the city's culpability, which should not be a difficult thing in view of the conviction of Police Chief John A. Gustafson for failure to protect life and property during the riot.

"Union labor must take another cut," President Vinnette of the West Coast Lumberman's Association says. At the same time he tells lumber owners they can do much to increase prices. He relies upon the "company union," known as the Loyal Legion of Loggers to help cut the wages.

American Prisoners in Russia.

LOUISE BRYANT TELLS HOW THEY FARE.

Recent press reports have carried many wild stories of Soviet mistreatment of American prisoners in Russia. Especially vicious were the statements in the New York Times which were attributed to Captain Kilpatrick, calculated to prove the Soviets had treated American prisoners inhumanely thru lack of food.

The following letter of Louise Bryant, wife of Comrade John Reed, to the Times, throws considerable doubt upon the veracity of these reports in the bourgeois press.

The Bryant Letter.

I read with some astonishment the dispatch from Riga today in which my name is mentioned. May I be permitted a word of explanation?

I was not in Russia in any political capacity, but as a correspondent for Universal Service (the Hearst news service). I had queries from my papers regarding American prisoners and asked permission of the Soviet Government to visit them. Permission was very difficult to obtain, and after weeks of waiting I was given permission to visit Andronovski Lager, where Captain Kilpatrick was detained at that time. I was accompanied by Henry Alsberg of the London Daily Herald and an official who had orders for the release of several Finnish prisoners. Kilpatrick states that I "arrived accompanied by the entire staff of the Foreign Office."

Almost as soon as we began to talk to Kilpatrick he began to tell us how worried he was about his friend Cooper. I had never heard of Cooper at that time, but tried to assure him by reminding him that no American prisoners were ever executed in Russia. The camp where Kilpatrick was imprisoned was once an old monastery. It was a beautiful place and had a lovely old garden. The prisoners were allowed to go about quite freely from room to room.

From his own mouth I learned that he was getting much better food and a larger amount than those outside. Also he had fuel, while I lived in an unheated room. I was very glad to learn that the Americans were treated so well and sent a wire home to that effect. If an article was printed in Ivestia it must have been a quotation from my wire. Russian papers often quote from American comments on Russia.

After leaving the prison camp, and upon Kilpatrick's request, I included in my wire the names of Senator Bankhead and Kilpatrick's foster mother, both of Alabama, because he was anxious for them to know his whereabouts. I had to ask permission of the Foreign Office to do this, and it was granted. That was all I could do. Personally, I regarded Kilpatrick as a "mamma's boy," who ought never to have ventured so far from home.

But in order to prove that I have no prejudices in this matter I quote from the current number of The New York Nation, an article by Louis Ganett. Speaking of American prisoners in Russia, he says: "They are the best fed people in Moscow." And of Kilpatrick in particular he writes: "Emmet Kilpatrick, for instance, on June 7 received two cans of corned beef, two of prime beef, one of pork and beans, two pounds of bacon, a half pound of butter, a quarter of a pound of cocoa, one can of sweetened and one of unsweetened milk, salt, vinegar, etc. This was two weeks supplementary ration in addition to the regular prison diet. I saw his letter acknowledging receipt."

LOUISE BRYANT.

New York, Aug. 12, 1921.

The passage in the dispatch printed in The Times quoted to Captain Kilpatrick of the American Red Cross, to which Mrs. Bryant refers, read as follows:

"Practically the entire staff of the Soviet Foreign Office arrived at the prison one day because of information which had leaked out. Mrs. Louise Bryant was brought to my cell. She questioned me regarding Captain Marion Cooper, saying he had done wrong in aiding the Poles and would be punished. Later I read her signed article in the Ivestia praising the prison treatment accorded Americans. She told of the good food we were receiving, when, as a matter of fact, we were starving. She told how all we had to do was sleep, whereas we were too weak to stand."

San Quentin, Calif.—John Golden, political prisoner who spent seven months in "solitary" as a protest against being set to work in the jail, mill, has been given work in another department of the prison and is now receiving the same treatment as other inmates. Golden's "individual strike" broke down the hitherto immutable penitentiary rules.